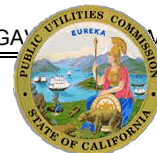


## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298

**FILED**08/01/19  
10:35 AM

August 1, 2019

Agenda ID #17601  
Ratesetting

## TO PARTIES OF RECORD IN APPLICATION 18-03-009:

This is the proposed decision of Administrative Law Judge Houck. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's September 12, 2019, Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, ex parte communications are prohibited pursuant to Rule 8.2(c)(4)(B).

/s/ ANNE E. SIMON

Anne E. Simon

Chief Administrative Law Judge

AES:jt2

Attachment

Decision **PROPOSED DECISION OF ALJ HOUCK** (Mailed 8/1/2019)

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Joint Application of Southern California Edison Company (U338E) and San Diego Gas & Electric Company (U902E) for the 2018 Nuclear Decommissioning Cost Triennial Proceeding.

Application 18-03-009

**DECISION ON PHASE 1**

**Summary**

Application (A.) 18-03-009, the Joint Application of Southern California Edison Company and San Diego Gas & Electric Company for the 2018 Nuclear Decommissioning Cost Triennial Proceeding was filed on March 15, 2018. The scoping memo for the proceeding was issued on December 19, 2018 dividing the proceeding into three (3) phases. Phase 1 of the proceeding addresses: 1) nuclear fuel cancellation costs (deferred from A.16-03-004); and 2) form of revised 2016 Palo Verde Nuclear Generating Station decommissioning cost estimate.

The Utilities, Southern California Edison Company and San Diego Gas & Electric Company, bear the burden of proof to establish the reasonableness of costs incurred by a preponderance of the evidence. This decision finds that the Utilities have met this burden as to the nuclear fuel cancellation costs. This decision also finds that an advice letter is an acceptable form to submit the required revisions to the 2016 Palo Verde Nuclear Generating Station decommissioning cost estimate.

## 1. Background

This application, the Joint Application of Southern California Edison Company (SCE) and San Diego Gas & Electric Company (SDG&E) for the 2018 Nuclear Decommissioning Cost Triennial Proceeding (NDCTP) (the Joint Application), was filed on March 15, 2018. On April 26, 2018, the California Public Utilities Commission (the Commission) preliminarily categorized this proceeding as ratesetting with hearings required in Resolution ALJ 176-3415.

Protests were filed by the Public Advocates Office of the California Public Utilities Commission (Cal Advocates)<sup>1</sup> and The Utility Reform Network (TURN) on April 23, 2018. The Alliance for Nuclear Responsibility (A4NR) filed a protest to the Joint Application on April 20, 2018. On May 3, 2018 the Utilities jointly filed a reply to the protests.

On October 11, 2018 the Commission adopted the decision for Phase 1 of Application (A.) 16-03-004<sup>2</sup> and on November 29, 2018 the Commission adopted the decision for Phases 2 and 3 of A.16-03-004.<sup>3</sup> The Phase 1 decision, D.18-10-010, deferred a decision regarding the nuclear fuel cancellation costs to this proceeding in order to address whether D.18-07-037 impacted the parties positions on this issue.

On August 15, 2018 parties filed a Joint Prehearing Conference Statement (Joint Statement). The parties that contributed to the Joint Statement were SCE, SDG&E, TURN, Cal Advocates, and A4NR. A prehearing conference (PHC) was

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<sup>1</sup> Senate Bill 854 (Stats 2018, Ch 51) amended Pub. Util. Code Section 309.5(a) so that the Office of Ratepayer Advocates (ORA) is now named the Public Advocates Office of the Public Utilities Commission. The record in proceeding A.16-03-004 refers to this party as Cal Advocates except for exhibits and citations to party filings where the designated label of ORA was used for consistency with labeling of party filings.

<sup>2</sup> Decision (D.) 18-10-010.

<sup>3</sup> D.18-11-034.

held on August 30, 2018. The parties agreed that the issues presented in the Joint Statement would need to be updated after issuance of the Phase 1 and Phase 2 and 3 decisions for proceeding A.16-03-004. On November 13, 2018 an updated Joint Statement was provided by the same parties and a second PHC was held on November 29, 2018. The parties presented a revised proposed schedule that included three phases with the first phase of the proceeding addressing nuclear fuel contract cancellation costs. The scoping memo for this proceeding was issued on December 19, 2018 setting the scope for each of the three (3) phases of the proceeding.

The following parties submitted briefing for Phase 1 on January 25, 2019: SCE/SDG&E jointly; and TURN. Reply briefs were submitted on February 8, 2019 by the following parties for Phase 1: SCE/SDG&E jointly; TURN; and A4NR.

## **2. Issues Before the Commission**

The Scoping Memo issued on December 19, 2018 identified the following issues for Phase 1 of this proceeding: 1) nuclear fuel contract cancellation costs deferred to this proceeding; and 2) form of revised 2016 Palo Verde Nuclear Generating Station (PVNGS) decommissioning cost estimate (DCE) submission.

## **3. Party Positions**

The Utilities recommend that the Commission find as reasonable \$55.2 million (100% Share, Nominal) for San Onofre Nuclear Generating Station (SONGS) 2 and 3 nuclear fuel contract cancellation costs. SCE also recommends that the Commission determine that SCE's Advice Letter 3925-E is an acceptable

form to submit the required revisions to the 2016 PVNGS DCE.<sup>4</sup> The Utilities also argue that the Utilities did not agree that settling parties in I.12-10-013 could continue to advocate for disallowances that could retroactively reduce the amount the Utilities retain under the settlement agreement adopted in D.18-07-037 (the 2018 Settlement).<sup>5</sup>

TURN recommended in its briefing that the Commission defer to Investigation (I.) 12-10-013 any determination regarding the reasonableness of permitting SCE and SDG&E to recover nuclear fuel contract cancellation costs. To the extent that the Commission does not defer such determination, TURN recommended the Commission decline to find that SCE actions were reasonable with respect to the United States Enrichment Corporation (USEC) procurement contracts; limit recovery of legal services and supply chain expenses to \$0.6 million for failure to satisfy its burden of proof.<sup>6</sup> As to the settlement adopted in D.18-07-037 in proceeding I.12-10-013, TURN argues that while the settlement constrains any settling party from taking new actions that seek a disallowance of costs associated with the premature closure of SONGS 2 and 3, nothing prevents the Commission from reaching its own conclusions that some or all of the nuclear fuel contract cancellation costs are unreasonable without any need to modify the 2018 Settlement.

A4NR filed a reply brief for the limited purpose of contesting the Utilities interpretation of the 2018 Settlement. A4NR argues that the Commission should

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<sup>4</sup> SCE cites to D.18-10-010, Application (A.) 16-04-004 Phase 1 decision, as the decision requiring revisions to the 2016 PVNGS DCE. *See* SCE Opening Brief at 10. The Commission ordered the revisions to the 2016 PVNGS DCE in D.18-11-034 issued on December 7, 2018 in A.16-03-004.

<sup>5</sup> SCE and SDG&E Joint Opening Brief A.18-03-009 at 5-9.

<sup>6</sup> Opening Brief of TURN Addressing Phase 1 Issues, A.16-03-004 at 2 and 22-27.

reject the Utilities “fanciful misreading of plain language [of the 2018 Settlement Agreement] and rely on the record compiled in A.16-03-004.”<sup>7</sup>

#### **4. Discussion and Analysis**

##### **4.1. Palo Verde Decommissioning Cost Estimate**

The Commission found in D.18-11-034 that SCE failed to support its proposed \$112.2 million adjustment concerning waste burial costs for Class A Low Level Radioactive Waste to the 2016 PVNGS DCE prepared by TLG Services, Inc. (TLG).<sup>8</sup> SCE submitted an update to the PVNGS DCE in Advice Letter 3925-E. SCE asserts that given no party has objected to Advice Letter 3925-E that any further submission regarding the PVNGS DCE in this proceeding is unnecessary. TURN argues that the adjustments reflected through a single line item in Table 4 of SCE Advice Letter 3925-E is insufficient as “it fails to properly correct the suite of SCE adjustments to the TLG estimate.”<sup>9</sup>

TURN argues that SCE should be required to revise the table with “corrections to the entire suite of approved adjustments to the 2016 TLG study.”<sup>10</sup> TURN provides an example of the format it recommends that SCE provide to show the “entire suite of approved adjustments” on page 5 of its Opening Brief based on the format of the initial table presented in SCE-05 at 6, Table II-1, A.16-03-004. We agree that an advice letter is the appropriate format to provide the revisions required in D.18-10-010 for the PVNGS DCE. SCE is to

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<sup>7</sup> A4NR Phase 1 Reply Brief at 4-5.

<sup>8</sup> SCE’s 2016 PVNGS DCE is based on the decommissioning cost study prepared in 2016 by TLG for Arizona Public Service. SCE in its testimony estimated its share of the PVNGS decommissioning expenses based on the TLG study. *See* SCE-05, Rev.1 at 1, A.16-03-004.

<sup>9</sup> TURN Opening Brief at 4-5.

<sup>10</sup> TURN Opening Brief at 5.

provide a corrected Advice Letter with the revisions proposed by TURN in *Table II-2 Adjustments Made to 2016 TLG Decommissioning Cost Study 2016\$ in Millions* set out at page 5 of TURN's Opening Brief filed on January 25, 2019.

#### **4.2. SONGS 2 and 3 Nuclear Fuel Cancellation Costs**

The reasonableness review of the 2013, 2014, and 2015 nuclear fuel contract cancellation costs are included in the scope of Phase 1 of this proceeding.<sup>11</sup> The Utilities have the burden to demonstrate that all the nuclear decommissioning expenditures, including the nuclear fuel cancellation costs, reflect appropriate reasonable costs.<sup>12</sup>

The Utilities assert that the 2018 Settlement Agreement "supports a reasonableness finding of nuclear fuel contract cancellation costs and bars the settling parties from seeking disallowances of these costs in the NDCTP."<sup>13</sup> The Utilities also argue that a disallowance of the nuclear fuel contract cancellation costs in the NDCTP would undermine the essential economics underlying the 2018 Settlement Agreement. The Utilities assert that it is evident that "the Utilities did not agree that settling parties could continue advocating for disallowances, as they had in the Order Instituting Investigation (OII), with the possibility of retroactively reducing the amount the Utilities retain under the 2018 Agreement."<sup>14</sup>

TURN argued in A.16-03-004 that the reasonableness of the nuclear fuel cancellation costs should be deferred to I.12-10-013 as a reasonableness review of

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<sup>11</sup> Scoping Memo issued on December 29, 2018, *Joint Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge*.

<sup>12</sup> D.16-04-019 at 17.

<sup>13</sup> SCE and SDG&E Opening Brief at 6 citing to sections 3.5(a) and 3.5(d) of the 2018 Settlement Agreement.

<sup>14</sup> See SCE and SDG&E Opening Brief at 8-9.

certain provisions of the prior settlement adopted in D.14-11-040 was at issue in that proceeding. The Utilities argue that the 2018 Settlement Agreement adopted in D.18-07-037 would be disrupted if the nuclear fuel contract cancellation costs are disallowed, and that the Commission should approve the nuclear fuel contract cancellation costs with no disallowances, under the plain language reading of the 2018 Settlement Agreement adopted in D.18-07-037.

We reject the Utilities argument that the 2018 Settlement Agreement limits the Commission's review of the nuclear fuel contract cancellation costs. The settling parties would not have included this paragraph in the *Redacted Joint Stipulation Between A4NR, the California Large Energy Consumers Association, California State University, Citizens Oversight, the Coalition of California Utility Employees, the Direct Access Customer Coalition, Ruth Henricks, the Office of Ratepayer Advocates [Cal Advocates], SDG&E, SCE, TURN, and Women's Energy Matters Regarding Undisputed Facts in Support of the Proposed Settlement Agreement (Joint Stipulation)*<sup>15</sup> had they intended that the 2018 Settlement Agreement determine the outcome of the reasonableness review for the nuclear fuel contract cancellation costs:

The Utilities have already recovered nuclear fuel contract cancellation costs incurred through 2015 from the Nuclear Decommissioning Trusts and have requested a reasonableness finding in the pending Nuclear Decommissioning Cost Triennial Proceeding (A.16-04-003). In that proceeding, TURN raised concerns about the reasonableness of these costs and urged some disallowance. No decision has been issued at the time of this submission.<sup>16</sup> (Footnotes omitted.)

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<sup>15</sup> Cited at A4NR Phase 1 Reply Brief at 3.

<sup>16</sup> Joint Stipulation dated April 28, 2017 at 6.



The settling parties did not substantively retract or add to the testimony and briefs submitted in A.16-03-004, nor are we convinced by the Utilities that the parties intended that the Commission include the issue of reasonableness for the nuclear fuel contract cancellation costs as being part of the 2018 Settlement Agreement.

The Utilities have the burden to demonstrate that all their nuclear decommissioning expenditures reflect appropriate actions at a reasonable cost.<sup>17</sup> The OII initially included within its scope the cost allocation between ratepayers and shareholders as to the full nuclear fuel investment including the contract cancellation costs. The settlement adopted in the OII left this matter to be decided in the NDCTP. The 2018 Settlement Agreement did not specifically address the outstanding issues in A.16-03-004 that were deferred to Phase 1 of this proceeding. This interpretation is evidenced by the Joint Stipulation submitted by the parties in I.12-10-013 in support of the 2018 Settlement Agreement. We agree with TURN that, “the Commission may reach its own determination that some or all of the nuclear fuel contract cancellation costs are unreasonable without any need to modify the Settlement reached in I.12-10-013.”<sup>18</sup>

Therefore, the reasonableness of the nuclear fuel contract cancellation costs may be determined by the Commission within the scope of this proceeding. In reaching a determination on this issue the Commission has considered the parties testimony submitted in A.16-03-004 and briefing submitted in A.16-03-004

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<sup>17</sup> D.16-04-019 at 17.

<sup>18</sup> See TURN Reply Brief on Phase 1 Issues at 5, February 8, 2019.

and A.18-03-009 on this issue.<sup>19</sup> In proceeding A.16-03-004 the Utilities and Cal Advocates recommended the Commission find the nuclear fuel contract cancellation costs reasonable, while TURN argued that the USEC contract and most of the legal fees presented should be disallowed.<sup>20</sup>

TURN argued in A.16-03-004, that the USEC contract should not be found reasonable. TURN argues that the USEC contract, unlike the URENCO contracts,<sup>21</sup> “contained hefty damages that the Utilities now seek to recover from ratepayer-funded trusts.”<sup>22</sup> TURN asserts that SCE’s characterization of the contract as a “secondary supplier”<sup>23</sup> “does not stand up to scrutiny since the USEC contracts were not variable based on supplies provided by URENCO.”<sup>24</sup>

SCE provided testimony and briefing in A.16-03-004 of its position that the nuclear fuel cancellation costs were reasonable, including the USEC contract.<sup>25</sup> SCE’s witness explained that it was necessary to contract with URENCO and USEC over different periods of time. SCE explained that initially enrichment services contracts were entered with USEC for respective time periods with URENCO as the primary supplier and USEC as a secondary supplier for services.<sup>26</sup> At a later time URENCO was available to provide services, as USEC

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<sup>19</sup> *Ruling of Assigned Administrative Law Judge Incorporating Record of Application 16-03-004*, dated July 3, 2019; also *see* party briefs filed in this proceeding by the Utilities, TURN, and A4NR.

<sup>20</sup> *See* TURN Opening Brief Phase 1 A.16-03-004 at 24-27

<sup>21</sup> The URENCO contracts contained no termination fees. SCE-10 at 12, A.16-03-004.

<sup>22</sup> TURN Reply Brief at 14, A.16-03-004.

<sup>23</sup> *See* SCE Opening Brief at 31, A.16-03-004.

<sup>24</sup> *See* TURN Reply Brief at 14, A.16-03-004.

<sup>25</sup> *See* SCE-11 at 19 and SCE-10 at 12.

<sup>26</sup> *See* A.16-03-004, RT Vol. 2, September 18, 2018 at 89 and 101; Exhibit SCE-11 at 19-20; TURN-01 Attachment B No. 8, A.16-03-004.

faced financial difficulties.<sup>27</sup> Cal Advocates did not oppose the 2013, 2014, or 2015 SONGS nuclear fuel contract cancellation expenses in A.16-03-004.

In its A.16-03-004 testimony Cal Advocates stated that “[g]iven the terms SCE negotiated with USEC, ORA does not oppose the 2013 nuclear fuel cancellation expenses.”<sup>28</sup> Cal Advocates also testified that “[g]iven the favorable term of the cancellation agreement reached between SCE and Westinghouse, ORA does not oppose the 2014 SONGS nuclear fuel contract cancellation expenses.”<sup>29</sup> Cal Advocates, as demonstrated in the testimony submitted in A.16-03-004, also does not oppose the 2015 SONGS nuclear fuel contract cancellation expenses incurred as a result of reaching agreements with USEC, Rio Tinto and Uranium One. Cal Advocates asserted that the settlements reached with USEC, Rio Tinto and Uranium One resulted in favorable outcomes for ratepayers. Cal Advocates also did not oppose the \$1.5 million SCE incurred for legal expenses, nor the \$0.4 million for supply chain expenses “given the favorable outcome of the 2013-2015 recorded nuclear fuel contract cancellation expenses.”<sup>30</sup>

SCE, SDG&E, and Cal Advocates assert that the 2013-2015 expenses associated with cancellation of nuclear fuel contracts are reasonable.<sup>31</sup> It is important to acknowledge, as noted by SCE, that TURN does not directly challenge the nuclear fuel contract cancellation costs for the USEC contract (the only contract at issue by TURN), but instead challenges the reasonableness of

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<sup>27</sup> See A.16-03-004, RT Vol. 2, at 89 and 101.

<sup>28</sup> ORA-1 at 6, A.16-03-004.

<sup>29</sup> ORA-1 at 7, A.16-03-004.

<sup>30</sup> ORA-1 at 7-8, A.16-03-004.

<sup>31</sup> SCE-10 at 7-7; SDG&E Opening Brief at 20; ORA-01 at 5-8; Joint SCE and SDG&E Joint Opening Brief for Phase 1 throughout.

entering into the contract in the first place. SCE entered into the contract prior to the premature shut down of SONGS 2 and 3. The evidence shows that SCE achieved substantial cost-savings in the terms for cancellation of the nuclear fuel contracts with USEC, including USEC agreeing to favorable terms such as allowing SCE to resell previously delivered but unused inventory.<sup>32</sup>

The Utilities have met the initial burden of showing that the nuclear fuel contract cancellation costs were reasonable, TURN's objection goes to whether SCE's contract with USEC, which was entered into prior to the premature shutdown of SONGS 2 and 3 was reasonable. TURN was a party to the ERRA proceeding and the GRC where SCE would have addressed these contracts. No evidence was presented by TURN that it questioned these agreements at the time they were entered into or requested additional information be provided in the ERRA proceeding. We are not reviewing whether and to what extent operational contracts entered into during the operation of the facility that would have been authorized through other proceedings (SCE's General Rate Case and the ERRA

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<sup>32</sup> It should also be noted that the initial settlement for the SONGS OII I.12-10-013 adopted in D.14-11-010 would have required SCE to refund to customers any amounts received from resale of the delivered but unused inventory. The parties that signed on to the 2018 Settlement agreed to allow SCE to retain the funds from all resale of the delivered but unused fuel. This modification to the prior settlement did not address the nuclear fuel cancellation costs and the parties stipulated (as discussed above) that this issue would be addressed in the NDCTP. Neither Cal Advocates nor TURN addressed how or if this change in the 2018 Settlement impacted the reasonableness of the cost recovery for the nuclear fuel contract cancellation costs considered here. It should be noted that Cal Advocates testimony in A.16-03-004 asserted that ratepayers would receive a significant benefit from negotiated terms allowing for resale of unused nuclear fuel. TURN questioned whether such resale provisions were in fact a benefit or illusory given no fuel had been resold at the time the record in A.16-03-004 was submitted.

proceedings) were reasonable, but only whether the contract cancellation costs incurred after closure of the facility were reasonable.<sup>33</sup>

Cal Advocates also provides convincing testimony that does not oppose these costs “given the favorable outcome of 2013-2015 recorded nuclear fuel contract cancellation expenses.” The arguments of SCE and Cal Advocates are more persuasive on this issue. The contract costs associated with the nuclear fuel contract cancellations are reasonable and should be recovered.

Based on the evidence and briefing submitted by the parties in Phase 1 of A.16-03-004 and Phase 1 of this proceeding the Commission finds the 2013, 2014, and 2015 nuclear fuel cancellation costs, including supply chain and legal expenses, reasonable with no disallowance.

## **5. Categorization and Need for Hearing**

The Commission preliminarily categorized this Application as ratesetting as defined in Rule 1.3(a)(e) and anticipated that this proceeding would require evidentiary hearings in ALJ 176-3374 on March 17, 2016. The Assigned Commissioner’s Scoping Ruling affirmed the preliminary categorization of this proceeding as ratesetting and the need for hearings for Phase 2 and 3 of the proceeding. No hearings were needed for Phase 1 of the proceeding decided here.

## **6. Comments on Proposed Decision**

The proposed decision of the Administrative Law Judge in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission’s Rules of

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<sup>33</sup> The contracts entered into by SCE with suppliers of nuclear fuel for the operation of SONGS are distinguished from the decommissioning general contractor (DGC) contract that is at issue in Phases 2 and 3 of this proceeding. The DGC contract is for decommissioning activities and falls squarely within the scope of the NDCTP.

Practice and Procedure. Comments were filed on \_\_\_\_\_, and reply comments were filed on \_\_\_\_\_ by \_\_\_\_\_.

## **7. Assignment of Proceeding**

Michael Picker is the assigned Commissioner and Darcie L. Houck is the assigned Administrative Law Judge.

### **Findings of Fact**

1. On October 19, 2018, the Commission issued D.18-10-010 deferring the reasonableness review of SCE and SDG&E nuclear fuel contract cancellation costs to this proceeding.
2. On December 7, 2018, the Commission issued D.18-11-034 which deferred the issue of what form SCE's submission of the revised 2016 PVNGS DCE should be made.
3. The Utilities requested in A.16-03-004 that the Commission find reasonable \$55.2 million (100% Share, Nominal \$) incurred in 2013, 2014, and 2015 for SONGS 2 and 3 nuclear fuel contract cancellation costs.
4. The Utilities provided evidence in support of its request for the Commission to find reasonable \$55.2 million incurred in 2013, 2014, and 2015 for SONGS 2 and 3 nuclear fuel contract cancellation costs.
5. Cal Advocates provided evidence consistent with the Utilities request to find reasonable \$55.2 million for SONGS 2 and 3 nuclear fuel contract cancellation costs incurred in 2013, 2014, and 2015.
6. All disbursements from the nuclear decommissioning trust fund are provisional and subject to an obligation to refund any improper costs to the nuclear decommissioning trust funds.
7. After the fact reasonableness reviews of expenditures for decommissioning SONGS 2 and 3 are conducted in the NDCTP.

8. Issues pertaining to PVNGS relate only to SCE.
9. An advice letter filing is the appropriate form for revising the PVNGS DCE consistent with D.18-11-034.
10. Advice Letter 3925-E does not sufficiently correct the SCE adjustments to the TLG estimate submitted in A.16-03-004 for the PVNGS DCE.
11. The format proposed by TURN for submission of the PVNGS DCE revisions provides clarity as to the exact change being made to the PVNGS DCE and identifies the remaining SCE adjustments to the TLG study that were authorized by the Commission in D.18-11-034.

### **Conclusions of Law**

1. The Utilities bear the burden of proof to demonstrate actual decommissioning expenditures incurred are reasonable and prudent.
2. The Utilities established by a preponderance of the evidence that the nuclear fuel contract cancellation expenses incurred in 2013, 2014, and 2015 are reasonable and prudent as a result of the premature shutdown of SONGS 2 and 3.
3. All disbursements from the nuclear decommissioning trust funds are provisional and subject to an obligation to refund any improper costs to the NDTs.
4. The standard of proof is that of a preponderance of evidence, which means such evidence as, when weighed with that opposed to it, has more convincing force and the greater probability of truth.
5. SCE should submit a corrected Advice Letter reflecting the PVNGS DCE revisions ordered in D.18-11-034.
6. This decision should be effective today.

7. This proceeding should remain open to complete Phases 2 and 3 of the proceeding.

**O R D E R**

**IT IS ORDERED** that:

1. The nuclear fuel contract cancellation costs in the amount of \$55.2 million requested by Southern California Edison Company and San Diego Gas & Electric Company are deemed reasonable.

2. Southern California Edison Company (SCE) shall submit a revised Advice Letter, consistent with this decision, that clarifies the exact change being made to the Palo Verde Nuclear Generating Station decommissioning cost estimate, and clearly identifies the remaining SCE adjustments to the TLG Services, Inc. Study ordered by the Commission in Decision 18-11-034.

3. Application 18-03-009 will remain open to complete Phase 2 and Phase 3 of the proceeding.

This order is effective today.

Dated\_\_\_\_\_, Los Angeles, California.